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8
9 **UNITED STATES DISTRICT COURT**
10
11 **NORTHERN DISTRICT OF CALIFORNIA**

12 In re
13 EVANDER FRANK KANE,
14 Debtor.

15 SOUTH RIVER CAPITAL, LLC,
16 Appellant
17 v.
18 EVANDER FRANK KANE,
19 Appellee

Case No. 21-cv-03493-WHO
Bankruptcy Case No. 21-50028-SLJ
Chapter 7

**REPLY IN SUPPORT OF APPELLEE'S
MOTION TO DISMISS APPEAL AS
MOOT**

Hearing:
Date: March 30, 2022
Time: 2:00 p.m. Pacific Time
Place: Tele/Videoconference (Zoom)

Remote appearances only.

*Please check www.cand.uscourts.gov for
information regarding the Court's operations
due to the COVID-19 pandemic.*

22
23 Appellee Evander Frank Kane ("Kane") submits the following reply to the opposition to
24 his motion to dismiss this appeal filed by Appellant South River Capital, LLC ("South River").

25 **SUMMARY**

26 While the bankruptcy court's underlying decision is sound and South River's appeal is
27 without merit, Kane filed the instant motion to dismiss South River's appeal because the linchpin
28 of its underlying case – Kane's long-term \$29 million contract with the San Jose Sharks

1 (“Sharks”) – no longer exists. Rather than admit this obvious fact, South River opposes dismissal
 2 based upon Kane’s recently signed short-term contract with the Edmonton Oilers (“Oilers”),
 3 which pays him less than \$1 million and expires at the end of the current season. South River
 4 argues that the new contract, which it describes as a “switch of hockey teams”, could form the
 5 basis of a Chapter 11 plan if the case is sent back to the bankruptcy court with a directive to
 6 convert the case. *See* ECF 17, at 2:4-6.

7 This argument defies logic, and as discussed below, contradicts the arguments made in
 8 the bankruptcy court. The motion to convert relied on the income from the Sharks contract
 9 through 2025 – and \$29 million, not a one-year contract of \$975,000. As such, Kane has met his
 10 burden to show that because of changed circumstances, the issues presented by this appeal are
 11 moot.

12 **LEGAL ARGUMENT**

13 The only argument made by South River below in its joinder to Zions Bancorporation’s
 14 motion to convert Kane’s case to Chapter 11 (the “Motion to Convert”) was that “the Debtor has
 15 the ability to fund a plan of reorganization that will provide a substantial distribution to general
 16 unsecured creditors” based upon a “substantial salary over the next five years (\$25 million)” that
 17 “will balloon to \$29 million over that period with the inclusion of bonuses . . . “[e]ven after
 18 deducing the Debtor’s substantial annual expenses.” SRC0231.

19 Now that the Sharks contract is gone, this Court cannot grant any effective relief to Zions
 20 and South River on appeal because Kane no longer has the stream of income that creditors
 21 argued would be available to fund a reorganization plan over the next five years if this case were
 22 converted to Chapter 11. A similar situation occurred in *Mariah Bay Leasing Corp. v. Credit*
 23 *Union Liquidity Servs.*, 2011 U.S. Dist. LEXIS 70580, at *10 (N.D. Tex. June 29, 2011). There
 24 the district court, considering an appeal from the denial of confirmation of a Chapter 11
 25 reorganization plan, held that because the debtor’s reorganization plan relied on real property it
 26 no longer owned, its appeal was moot. *Id.* at *1-4. The debtor failed to confirm a reorganization
 27 plan by a certain date, which triggered a stipulated order granting the secured creditor relief from
 28 the automatic stay to foreclose on the property. *Id.* at *2-3. The bankruptcy court subsequently

1 converted that case from Chapter 11 to Chapter 7 on the secured creditor's motion and denied
 2 confirmation of the debtor's plan. *Id.* at *3. The debtor appealed but the district court determined
 3 that the post-decision foreclosure on the property prevented consummation of the proposed
 4 reorganization plan because the debtor could not reorganize based on property it did not own. *Id.*
 5 at *9-10.

6 Similarly, while Kane obviously believes affirmation of the bankruptcy court's ruling is
 7 in order, were this Court to reverse the *Order Denying Motion to Convert* (the "Conversion
 8 Order") and remand this case to the bankruptcy court, there would be no basis to reconsider the
 9 Conversion Order because the underlying contract is gone. Speculation about what contract Kane
 10 might obtain in the future is legally irrelevant. The Motion to Convert was based upon the
 11 situation that existed at the time Kane filed bankruptcy. A Chapter 7 filing presents a snapshot in
 12 time, and if the case were sent back to the bankruptcy court, the snapshot no longer includes the
 13 Sharks contract.

14 South River concedes that Kane lost his contract with the Sharks but argues that this
 15 Court can still provide it with some relief because Kane has since signed a new contract with the
 16 Oilers and there is "still enough disposable income to fund a Chapter 11 plan." ECF 17, at 2:26–
 17 3:6, 4:16–18. South River requests this Court take judicial notice of an ESPN article, which
 18 purports to discuss the terms of Kane's contract with the Oilers. ECF 18. For the reasons
 19 addressed in Kane's concurrently filed *Objection to South River's Request for Judicial Notice*,
 20 South River's request for judicial notice must be denied. Kane has no objection to this Court
 21 taking judicial notice of his short-term contract with the Oilers, *see Appellee's Supp. Request for*
 22 *Judicial Notice*, filed herewith, Ex. 3, but the balance of the article submitted by South River
 23 contains false and salacious matters, which South River should not have sought to place before
 24 this Court.

25 Even assuming as true South River's assertion that Kane will make approximately
 26 \$975,000 under a single year contract with the Oilers, South River's argument that such a
 27 contract could form a basis for Chapter 11 relief is disingenuous. South River provides no
 28 analysis to support its argument about the Oilers contract. South River does admit the

1 approximately \$975,000 sum that Kane will supposedly earn for the remainder of this season
 2 with the Oilers is not the \$7 million that it believed Kane would receive this season with the
 3 Sharks, and it clearly is not the \$29 million that creditors argued would be available under the
 4 Sharks contract to fund a five-year reorganization plan. ECF 17, at 3:2-4. South River’s
 5 suggestion that approximately \$975,000 is sufficient to provide disposable income to fund a
 6 Chapter 11 plan ignores its own joinder below and opening brief on appeal. SRC0231; ECF 4, at
 7 13:10–14:3; ECF 17, at 4:16-18. In its joinder, South River cited Kane’s monthly expenses as
 8 \$93,214, resulting in annual expenses of approximately \$1,118,568, expenses that exceed the
 9 \$975,000 that Kane will allegedly earn under the Oilers contract. SRC0231. This calculus makes
 10 clear that based on South River’s own arguments, Kane’s current contract is not a basis on which
 11 the bankruptcy court could convert a remanded case to Chapter 11. *See id.* And if the case were
 12 remanded the Oilers contract would be the extant contract.

13 In advancing this argument, South River speculates that the Oilers contract weighs in
 14 favor of conversion even though South River admits the alleged terms are not as “lucrative” as
 15 the Sharks contract that was the subject of Zions’ motion and South River’s joinder, which the
 16 bankruptcy court correctly denied. *See* ECF 17, at 4:16-17. A speculative possibility is not a
 17 basis for retaining jurisdiction over a moot case. *Cf. Van Bergen v. Minnesota*, 59 F.3d 1541,
 18 1547 (8th Cir. 1995) (“The party need not show with certainty that the situation will recur, but a
 19 mere physical or theoretical possibility is insufficient to overcome the jurisdictional hurdle of
 20 mootness.”). What South River is asking this Court to do on appeal is to consider anew the
 21 question of whether conversion will inure to the benefit of all parties in interest based on alleged
 22 terms of a new contract that is not properly before this Court. Again, South River fails to explain
 23 what relief this Court could fashion if it were to reverse the Conversion Order and remand this
 24 case to the bankruptcy court.

25 CONCLUSION

26 For the reasons set forth above, Kane requests that this Court dismiss South River’s
 27 appeal of the bankruptcy court’s denial of the Conversion Motion as moot.
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1 DATED: March 15, 2022

2 FINESTONE HAYES LLP

3 By: /s/ Stephen D. Finestone
4 Stephen D. Finestone
5 Attorneys for Appellee Evander Frank Kane